

NATIONAL EMERGENCY WITH RESPECT TO SUDAN

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

A REPORT ON DEVELOPMENTS CONCERNING THE NATIONAL EMERGENCY WITH RESPECT TO SUDAN THAT WAS DECLARED IN EXECUTIVE ORDER 13067 OF NOVEMBER 3, 1997, AND MATTERS RELATING TO THE MEASURES IN THAT ORDER, PURSUANT TO 50 U.S.C. 1641(c)



NOVEMBER 9, 1999.—Message and accompanying papers referred to the Committee on International Relations and ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

To the Congress of the United States:

As required by section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c) and section 204(c) of the International Emergency Economic Powers Act (IEEPA), 50 U.S.C. 1703(c), I transmit herewith a 6-month periodic report on the national emergency with respect to Sudan that was declared in Executive Order 13067 of November 3, 1997.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *November 5, 1999.*

President's Periodic Report on the National Emergency
with Respect to Sudan

I hereby report to the Congress on developments concerning the national emergency with respect to Sudan that was declared in Executive Order 13067 of November 3, 1997, and matters relating to the measures in that order. This report is submitted pursuant to section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c) ("IEEPA"), and section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c). This report discusses only matters concerning the national emergency with respect to Sudan that was declared in Executive Order 13067.

1. On November 3, 1997, I issued Executive Order 13067 (62 *Fed. Reg.* 59989, November 5, 1997 -- the "Order") to declare a national emergency with respect to Sudan pursuant to IEEPA. Copies of the order were transmitted to the Congress by message dated November 3, 1997.

2. Executive Order 13067 became effective at 12:01 a.m., EST on November 4, 1997. On July 1, 1998, the Department of the Treasury's Office of Foreign Assets Control ("OFAC") issued the Sudanese Sanctions Regulations (the "SSR" or the "Regulations") (63 *Fed. Reg.* 35809, July 1, 1998). The regulations block all property and interests in property of the Government of Sudan, its agencies, instrumentalities, and controlled entities,

including the Central Bank of Sudan, that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of U.S. persons, including their overseas branches. The SSR also prohibit (1) the importation into the United States of any goods or services of Sudanese origin except for information or informational materials; (2) the exportation or reexportation of goods, technology, or services, to Sudan or the Government of Sudan except for information or informational materials and donations of humanitarian aid; (3) the facilitation by a U.S. person of the exportation or reexportation of goods, technology, or services to or from Sudan; (4) the performance by any U.S. person of any contract including a financing contract, in support of an industrial, commercial, public utility, or governmental project in Sudan; (5) the grant or extension of credits or loans by any U.S. person to the Government of Sudan; and (6) transactions relating to the transportation or cargo.

3. There have been two amendments to the Sudanese Sanctions Regulations, 31 CFR Part 538, since my report of May 3, 1999. On June 28, 1999, OFAC amended appendix A to 31 CFR chapter V by adding the names of 60 entities and by providing additional identifying information on three entities that have been determined to act for or on behalf of, or to be owned or controlled by the Government of Sudan (64 Fed. Reg.

35575, July 1, 1999). The property of these entities is blocked, and U.S. persons are generally prohibited from dealing with them. A copy of the amendment is attached to this report.

On July 27, 1999, the SSR were amended to add statements of licensing policy with respect to commercial sales of agricultural commodities and products, medicine and medical equipment (64 *Fed. Reg.* 41784, August 2, 1999). On April 28, 1999, I announced that existing unilateral economic sanctions programs would be amended to modify licensing policies to permit case-by-case review of specific proposals for the commercial sale of agricultural commodities and products, as well as medicine and medical equipment, where the United States government has the discretion to do so. I further announced that the Administration was developing country-specific licensing criteria to guide the case-by-case review process so that governments subject to sanctions do not gain unwarranted benefits from such sales.

The July 27 amendments to the SSR set forth the general licenses and statements of licensing policy implementing these policies with respect to commercial sales to Sudan of agricultural commodities and products intended for ultimate consumption in Sudan as food by humans or animals, as seeds for food crops, or as reproductive materials for the production of food animals. The amended Regulations also cover commercial

sales of medicines and medical equipment for use in Sudan, other than sensitive items. Financial and other transactions relating to U.S. agricultural and medical sales to Sudan are also dealt with. A copy of the amendment is attached to this report.

4. Since the issuance of Executive Order 13067, OFAC has made numerous decisions with respect to applications for authorizations to engage in transactions under the Sudanese sanctions. As of September 24, 1999, OFAC has issued 74 authorizations to non-governmental organizations engaged in the delivery of humanitarian aid and 260 licenses to others, including 62 during the current reporting period. OFAC has denied many requests for licenses. The majority of denials were in response to requests to authorize commercial exports to Sudan -- particularly of machinery and equipment for various industries -- and the importation of Sudanese-origin goods. The majority of licenses issued permitted the unblocking of financial transactions for individual remitters who inadvertently routed their funds through blocked Sudanese banks. Thirteen licenses were issued authorizing commercial sales and exportation to Sudan of bulk agricultural commodities, food and agricultural products, medicine and medical equipment. Others authorized certain diplomatic transactions, pre-effective date trade transactions, divestiture of property in which the Government of Sudan had an interest, intellectual property

protection, the performance of certain legal services, and transactions relating to air and sea safety policy.

5. At the time of signing Executive Order 13067, I directed the Secretary of the Treasury to block all property and interests in property of persons determined, in consultation with the Secretary of State, to be owned or controlled by, or to act for or on behalf of, the Government of Sudan. OFAC has disseminated details of this program to the financial, securities, and international trade communities by both electronic and conventional media. This information includes the names of 122 entities owned or controlled by the Government of Sudan, including 12 financial institutions. As of September 21, 1999, OFAC has blocked approximately \$350,000 during this reporting period.

6. During this reporting period, OFAC has collected three civil monetary penalties totaling more than \$8,200 from two U.S. financial institutions for violations of IEEPA and the SSR. The violations related to funds transfers in which the Government of Sudan or an entity owned or controlled by the Government of Sudan had an interest or which involved commercial transactions relating to Sudan. OFAC, in cooperation with the U.S. Customs Service, is closely monitoring potential violations of the import prohibitions of the Regulations by businesses and

individuals. Various reports of violations are being pursued aggressively.

7. The expenses incurred by the Federal Government in the six-month period from May 3 through November 2, 1999, that are directly attributable to the exercise of powers and authorities conferred by the declaration of a national emergency with respect to Sudan are reported to be approximately \$360,000, most of which represent wage and salary costs for Federal personnel. Personnel costs were largely centered in the Department of the Treasury (particularly in the Office of Foreign Assets Control, the U.S. Customs Service, the Office of the Under Secretary for Enforcement, and the Office of the General Counsel), the Department of State (particularly the Bureaus of Economic and Business Affairs, African Affairs, Near Eastern Affairs, Consular Affairs, and the Office of the Legal Adviser), and the Department of Commerce (the Bureau of Export Administration and the General Counsel's Office).

8. The situation in Sudan continues to present an extraordinary and unusual threat to the national security and foreign policy of the United States. The declaration of the national emergency with respect to Sudan contained in Executive Order 13067 underscores the United States Government's opposition to the actions and policies of the Government of Sudan, particularly its support of international terrorism and

its failure to respect basic human rights, including freedom of religion. The prohibitions contained in Executive Order 13067 advance important objectives in promoting the anti-terrorism and human rights policies of the United States. I shall exercise the powers at my disposal to deal with these problems and will continue to report periodically to the Congress on significant developments.

on January 7, 1998 (See 26 CFR Part 1 as revised April 1, 1999), shall apply to a qualified zone academy bond sold prior to July 1, 1999. This section shall not apply to a qualified zone academy bond sold after January 5, 2001.

Robert E. Wenzel,

Deputy Commissioner of Internal Revenue.

Approved: June 22, 1999.

Donald C. Lubick,

Assistant Secretary of the Treasury (Tax Policy).

[FR Doc. 99-16621 Filed 6-30-99; 8:45 am]

BILLING CODE 4830-01-P

DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

31 CFR Chapter V

Blocked Persons, Specially Designated Nationals, Specially Designated Terrorists, Foreign Terrorist Organizations, and Specially Designated Narcotics Traffickers: Additional Sudanese Government Designations and Supplementary Information, and Removal of One Individual

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Amendment of final rule.

SUMMARY: The Treasury Department is amending appendix A to 31 CFR chapter V by adding the names of 60 entities and providing additional identifying information on 3 entities that have been determined to act for or on behalf of, or to be owned or controlled by, the Government of Sudan, and by adding the names of one organization and 3 individuals who are specially designated terrorists. In addition, the name of one specially designated national of the Government of Iraq is being removed because the Office of Foreign Assets Control has determined that this individual no longer meets the criteria for designation as an SDN.

EFFECTIVE DATE: June 28, 1999.

FOR FURTHER INFORMATION CONTACT:

Office of Foreign Assets Control, Department of the Treasury, Washington, D.C. 20220; tel.: 202/622-2520.

SUPPLEMENTARY INFORMATION:

Electronic and Facsimile Availability

This document is available as an electronic file on *The Federal Bulletin Board* the day of publication in the *Federal Register*. By modem, dial 202/512-1387 and type "GO FAC," or call 202/512-1530 for disk or paper

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Background

Appendix A to 31 CFR chapter V contains the names of blocked persons, specially designated nationals, specially designated terrorists, foreign terrorist organizations, and specially designated narcotics traffickers designated pursuant to the various economic sanctions programs administered by the Office of Foreign Assets Control ("OFAC"). Pursuant to Executive Order 13067 of November 3, 1997, "Blocking Sudanese Government Property and Prohibiting Transactions With Sudan" (62 FR 59989, 3 CFR, 1997 Comp., p. 230), and § 538.305 of the Sudanese Sanctions Regulations (31 CFR part 538), 60 Sudanese entities are added to appendix A to 31 CFR chapter V as entities which have been determined to act for or on behalf of, or to be owned or controlled by, the Government of Sudan (specially designated nationals or "SDNs"). Any property subject to the jurisdiction of the United States in which an SDN has an interest is blocked, and U.S. persons are prohibited from engaging in any transactions or in dealing in any property in which an SDN has an interest. In addition, appendix A is being amended by modifying the entries for three existing SDNs of the Government of Sudan to provide additional identifying information regarding these entities.

Pursuant to Executive Order 13099 of August 20, 1998, "Prohibiting Transactions with Terrorists Who

Threaten to Disrupt the Middle East Peace Process" (63 FR 45167, 3 CFR, 1998 Comp., p. 208), and the Terrorism Sanctions Regulations (31 CFR part 595), 3 individuals and 1 organization are being added to appendix A to 31 CFR chapter V as persons who have been designated in the Executive order as terrorists who threaten to disrupt the Middle East peace process (specially designated terrorists or "SDTs"). Any property subject to the jurisdiction of the United States in which an SDT has an interest is blocked, and U.S. persons are prohibited from engaging in any transactions or in dealing in any property in which an SDT has an interest.

Pursuant to the Iraqi Sanctions Regulations, 31 CFR part 575, the name of one specially designated national of the Government of Iraq is being removed from appendix A because the Office of Foreign Assets Control has determined that this individual no longer meets the criteria for designation as an SDN of the Government of Iraq. All real and personal property of this individual, including all accounts in which he has any interest, that had been blocked solely due to his designation as an SDN are unblocked; and all lawful transactions involving U.S. persons and this individual are permissible.

Designations of foreign persons blocked pursuant to the Order and Regulations are effective upon the date of determination by the Director of the Office of Foreign Assets Control, acting under authority delegated by the Secretary of the Treasury. Public notice of blocking is effective upon the date of filing with the *Federal Register*, or upon prior actual notice.

Because the Executive orders and regulations under which these actions are taken involve a foreign affairs function, Executive Order 12866 and the provisions of the Administrative Procedure Act (5 U.S.C. 553), requiring notice of proposed rulemaking, opportunity for public participation, and delay in effective date, are inapplicable. Because no notice of proposed rulemaking is required for this rule, the Regulatory Flexibility Act (5 U.S.C. 601-612) does not apply.

For the reasons set forth in the preamble, and under the authority of (1) 3 U.S.C. 301; 31 U.S.C. 321(b); 50 U.S.C. 1601-1651, 1701-1706; E.O. 13067, 62 FR 59989, 3 CFR, 1997 Comp., p. 230, with respect to SDN entries for the Government of Sudan; (2) 3 U.S.C. 301; 18 U.S.C. 2332d; 22 U.S.C. 287c; Pub. L. 101-410, 104 Stat. 890 (28 U.S.C. 2461 note); 31 U.S.C. 321(b); 50 U.S.C. 1601-1651, 1701-1706; Pub. L. 101-513, 104

Stat. 2047-2055 (50 U.S.C. 1701 note); E.O. 12722, 55 FR 31803, 3 CFR, 1990 Comp., p. 294; E.O. 12724, 55 FR 33089, 3 CFR, 1990 Comp., p. 297; E.O. 12817, 57 FR 48433, 3 CFR, 1992 Comp., p. 317, with respect to the removal of the SDN entry for the Government of Iraq; and (3) 3 U.S.C. 301; 31 U.S.C. 321(b); 50 U.S.C. 1601-1651, 1701-1706; Pub. L. 101-410, 104 Stat. 890 (28 U.S.C. 2461 note); E.O. 12947, 60 FR 5079, 3 CFR, 1995 Comp., p. 319; E.O. 13099, 63 FR 45167, 3 CFR, 1998 Comp., p. 208, with respect to SDT entries, appendix A to 31 CFR chapter V is amended as set forth below:

Appendix A [Amended]

1. Appendix A to 31 CFR chapter V is amended by adding the following names inserted in alphabetical order in appendix A, section I:

'ABD ALLAH, 'Issam 'Ali Muhammad (see MUSA, Rifa'i Ahmad Taha) [SDT]
'ABD-AL-'IZ (see MUSA, Rifa'i Ahmad Taha) [SDT]
ABD-AL-WAHAB, Abd-al-Hai Ahmad (see MUSA, Rifa'i Ahmad Taha) [SDT]
ABU HAFS (see ATEF, Muhammad) [SDT]
ABU YASIR (see MUSA, Rifa'i Ahmad Taha) [SDT]
ABDULLAH, Sheikh Taysir (see ATEF, Muhammad) [SDT]
ACCOUNTS AND ELECTRONICS EQUIPMENTS, c/o ENGINEERING EQUIPMENT CORPORATION, P.O. Box 97, Khartoum, Sudan [SUDAN]
AFRICAN OIL CORPORATION, P.O. Box 1, Khartoum North, Sudan [SUDAN]
AL-KAMEL, Salah 'Ali (see MUSA, Rifa'i Ahmad Taha) [SDT]
AL-MASRI, Abu Hafs (see ATEF, Muhammad) [SDT]
AL-QAIDA (see ISLAMIC ARMY) [SDT]
ALAKTAN COTTON TRADING COMPANY (see ALAKTAN TRADING COMPANY) [SUDAN]
ALAKTAN TRADING COMPANY (a.k.a. ALAKTAN COTTON TRADING COMPANY), P.O. Box 2067, Khartoum, Sudan [SUDAN]
ARAB CEMENT COMPANY, Durdeib, Sudan, P.O. Box 6180, Khartoum, Sudan [SUDAN]
ATBARA CEMENT COMPANY LIMITED, P.O. Box 36, Atbara, Sudan [SUDAN]
ATEF, Muhammad (a.k.a. ABU HAFS; a.k.a. ABDULLAH, Sheikh Taysir; a.k.a. AL-MASRI, Abu Hafs; a.k.a. EL KHABIR, Abu Hafs el Masry; a.k.a. TAYSIR) DOB 1956; POB Egypt (individual) [SDT]
BABANOUSA MIL K PRODUCTS FACTORY, P.O. Box 16, Babanousa, Sudan [SUDAN]
BIN LADIN, Usama bin Muhammad bin Awad (a.k.a. BIN LADIN, Usama), DOB 30 July 1957; POB Jeddah, Saudi Arabia (individual) [SDT]
BLUE NILE BREWERY, P.O. Box 1408, Khartoum, Sudan [SUDAN]
BUILDING MATERIALS AND REFRACTORIES CORPORATION, P.O. Box 2241, Khartoum, Sudan [SUDAN]

CENTRAL ELECTRICITY AND WATER CORPORATION (see PUBLIC ELECTRICITY AND WATER CORPORATION) [SUDAN]
DUTY FREE SHOPS CORPORATION, P.O. Box 1789, Khartoum, Sudan [SUDAN]
EL KHABIR, Abu Hafs el Masry (see ATEF, Muhammad) [SDT]
ENGINEERING EQUIPMENT COMPANY, c/o ENGINEERING EQUIPMENT CORPORATION, P.O. Box 97, Khartoum, Sudan [SUDAN]
ENGINEERING EQUIPMENT CORPORATION, P.O. Box 97, Khartoum, Sudan [SUDAN]
EXPLORATION AND PRODUCTION AUTHORITY (SUDAN), Kuwait Building, Nile Avenue, Khartoum, Sudan, P.O. Box 2986, Khartoum, Sudan [SUDAN]
FOOD INDUSTRIES CORPORATION, P.O. Box 2341, Khartoum, Sudan [SUDAN]
FRIENDSHIP SPINNING FACTORY, Hassaheisa, Sudan [SUDAN]
GEZIRA TANNERY, Gezira, Sudan [SUDAN]
GINEID SUGAR FACTORY, P.O. Box 1, Gineid, Sudan [SUDAN]
GROUP FOR THE PRESERVATION OF THE HOLY SITES, THE (see ISLAMIC ARMY) [SDT]
HAGGAR ASSALAYA SUGAR FACTORY, Haggar Assalaya, Sudan [SUDAN]
INDUSTRIAL PRODUCTION CORPORATION, P.O. Box 1034, El Gamaa Street, Khartoum, Sudan [SUDAN]
INGESSANA HILLS MINES CORPORATION (see INGASSANA HILLS MINES CORPORATION) [SUDAN]
ISLAMIC ARMY (a.k.a. AL-QAIDA; a.k.a. ISLAMIC SALVATION FOUNDATION; a.k.a. THE ISLAMIC ARMY FOR THE LIBERATION OF THE HOLY PLACES; a.k.a. THE WORLD ISLAMIC FRONT FOR JIHAD AGAINST JEWS AND CRUSADERS; a.k.a. THE GROUP FOR THE PRESERVATION OF THE HOLY SITES) [SDT]
ISLAMIC ARMY FOR THE LIBERATION OF THE HOLY PLACES, THE (see ISLAMIC ARMY) [SDT]
ISLAMIC SALVATION FOUNDATION (see ISLAMIC ARMY) [SDT]
JUBA DUTY FREE SHOP, Juba, Sudan [SUDAN]
KARIMA DATE FACTORY, Karima, Sudan [SUDAN]
KARIMA FRUIT AND VEGETABLE CANNING FACTORY, P.O. Box 54, Karima, Sudan [SUDAN]
KASSALA ONION DEHYDRATION FACTORY, P.O. Box 22, Kassala, Sudan [SUDAN]
KENAF SOCKS FACTORY, Abu Naama, Sudan [SUDAN]
KRIKAH INDUSTRIES GROUP, P.O. Box 755, Khartoum North, Sudan [SUDAN]
LEATHER INDUSTRIES CORPORATION (a.k.a. LEATHER INDUSTRIES TANNERIES), P.O. Box 1639, Khartoum, Sudan [SUDAN]
LEATHER INDUSTRIES TANNERIES (see LEATHER INDUSTRIES CORPORATION) [SUDAN]
MALUT SUGAR FACTORY, Malut, Sudan [SUDAN]

MANGALA SUGAR FACTORY, Mangala, Sudan [SUDAN]
MASPIO CEMENT CORPORATION, P.O. Box 96, Atbara, Sudan [SUDAN]
MAY ENGINEERING COMPANY, c/o ENGINEERING EQUIPMENT CORPORATION, P.O. Box 97, Khartoum, Sudan [SUDAN]
MUSA, Rifa'i Ahmad Taha (a.k.a. 'ABD ALLAH, 'Issam 'Ali Muhammad; a.k.a. 'ABD-AL-'IZ; a.k.a. ABD-AL-WAHAB, Abd-al-Hai Ahmad; a.k.a. ABU YASIR; a.k.a. AL-KAMEL, Salah 'Ali; a.k.a. TAHA, Rifa'i Ahmad; a.k.a. TAHA, MUSA, Rifa'i Ahmad; a.k.a. THABIT 'IZ), DOB 24 June 1954; POB Egypt; Passport No. 83860 (Sudan), 30455 (Egypt), 1046403 (Egypt) (individual) [SDT]
NATIONAL COTTON AND TRADE COMPANY, P.O. Box 1552, Khartoum, Sudan [SUDAN]
NEW HAIFA SUGAR FACTORY, Kashm el Girba, Sudan [SUDAN]
NEW KHARTOUM TANNERY, P.O. Box 17, Khartoum, Sudan [SUDAN]
NORTHWEST SENNAR SUGAR FACTORY, Northwest Sennar, Sudan [SUDAN]
OIL CORPORATION, P.O. Box 64, Khartoum, Sudan [SUDAN]
OMDURMAN SHOE FACTORY, Omdurman, Sudan [SUDAN]
PETROLEUM GENERAL ADMINISTRATION, P.O. Box 2649, Khartoum, Sudan [SUDAN]
PLASTIC SACKS FACTORY (see SACKS FACTORY) [SUDAN]
PORT SUDAN COTTON AND TRADE COMPANY (a.k.a. PORT SUDAN COTTON COMPANY), P.O. Box 590, Khartoum, Sudan; P.O. Box 261, Port Sudan, Sudan [SUDAN]
PORT SUDAN COTTON COMPANY (see PORT SUDAN COTTON AND TRADE COMPANY) [SUDAN]
PORT SUDAN DUTY FREE SHOP, Port Sudan, Sudan [SUDAN]
PORT SUDAN EDIBLE OILS STORAGE CORPORATION, P.O. Box 429, Port Sudan, Sudan [SUDAN]
PORT SUDAN SPINNING FACTORY, Port Sudan, Sudan [SUDAN]
PUBLIC CORPORATION FOR OIL PRODUCTS AND PIPELINES, Khartoum, Sudan [SUDAN]
RABAK OIL MILL, P.O. Box 2105, Khartoum, Sudan [SUDAN]
RAINBOW FACTORIES, P.O. Box 1768, Khartoum, Sudan [SUDAN]
REA SWEET FACTORY, P.O. Box 1027, Khartoum, Sudan [SUDAN]
RED SEA HILLS MINERALS COMPANY, c/o SUDANESE MINING CORPORATION, P.O. Box 1034, Khartoum, Sudan [SUDAN]
REFRIGERATION AND ENGINEERING IMPORT COMPANY, P.O. Box 1092, Khartoum, Sudan [SUDAN]
SHEREIK MICA MINES COMPANY (a.k.a. SHEREIK MICA PROJECT), c/o SUDANESE MINING CORPORATION, P.O. Box 1034, Khartoum, Sudan [SUDAN]
SHEREIK MICA PROJECT (see SHEREIK MICA MINES COMPANY) [SUDAN]

SPINNING AND WEAVING CORPORATION,
P.O. Box 795, Khartoum, Sudan
[SUDAN]

SUDAN COTTON COMPANY, Khartoum,
Sudan [SUDAN]

SUDAN COTTON COMPANY LIMITED, P.O.
Box 1672, Khartoum, Sudan [SUDAN]

SUDAN OIL CORPORATION, P.O. Box 2,
Khartoum North, Sudan [SUDAN]

SUDAN SOAP CORPORATION, P.O. Box 23,
Khartoum North, Sudan [SUDAN]

SUDANESE INTERNATIONAL TOURISM
COMPANY, c/o TOURISM AND
HOTELS CORPORATION, P.O. Box
7104, Khartoum, Sudan [SUDAN]

SUDANESE MINING CORPORATION, P.O.
Box 1034, Khartoum, Sudan [SUDAN]

SUGAR AND DISTILLING CORPORATION,
New Mustafa el Amin Building,
Barlaman Avenue, P.O. Box 511,
Khartoum, Sudan [SUDAN]

TAHA, Rifa'i Ahmad (see MUSA, Rifa'i
Ahmad Taha) [SDT]

TAHA MUSA, Rifa'i Ahmad (see MUSA,
Rifa'i Ahmad Taha) [SDT]

TAYSIR (see ATEF, Muhammad) [SDT]

THABIT 'IZ (see MUSA, Rifa'i Ahmad Taha)
[SDT]

TOURISM AND HOTELS CORPORATION,
P.O. Box 7104, Khartoum, Sudan; Ed
Damer, Sudan; El Fasher, Sudan;
Khartoum Airport, Sudan; Fort Sudan,
Sudan [SUDAN]

WAD MADANI DUTY FREE SHOP, Wad
Madani, Sudan [SUDAN]

WAU FRUIT AND VEGETABLE CANNING
FACTORY, P.O. Box 110, Wau, Sudan
[SUDAN]

WHITE NILE BREWERY, P.O. Box 1378,
Khartoum, Sudan [SUDAN]

WHITE NILE TANNERY, P.O. Box 4078,
Khartoum, Sudan [SUDAN]

WORLD ISLAMIC FRONT FOR JIHAD
AGAINST JEWS AND CRUSADERS,
THE (see ISLAMIC ARMY) [SDT]

2. Appendix A to 31 CFR chapter V
is amended by revising the following
existing entries to include additional
identifying information in appendix A,
section I to read as revised as follows:

PUBLIC ELECTRICITY AND WATER
CORPORATION (a.k.a. CENTRAL
ELECTRICITY AND WATER
CORPORATION), P.O. Box 1380,
Khartoum, Sudan [SUDAN]

INGASSANA HILLS MINES CORPORATION
(a.k.a. INGESSANA HILLS MINES
CORPORATION), P.O. Box 2241,
Khartoum, Sudan; P.O. Box 1108,
Khartoum, Sudan [SUDAN]

SACKS FACTORY (a.k.a. PLASTIC SACKS
FACTORY), P.O. Box 2328, Khartoum,
Sudan [SUDAN]

3. Appendix A to 31 CFR chapter V
is amended by removing in its entirety
the entry for the name "DE BOCCARD,
Phillipe (a.k.a. DE BOCCARD,
Philippe)" from appendix A, section I.

Dated: June 23, 1999.

R. Richard Newcomb,
Director, Office of Foreign Assets Control.
Approved: June 24, 1999.

Elisabeth A. Bresee,
*Assistant Secretary (Enforcement),
Department of the Treasury.*
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BILLING CODE 4810-25-F

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 52

[CA079-149; FRL-6363-2]

Approval and Promulgation of Implementation Plans; California State Implementation Plan Revision, Monterey Bay Unified Air Pollution Control District

AGENCY: Environmental Protection
Agency (EPA).

ACTION: Final rule.

SUMMARY: EPA is finalizing the approval of revisions to the California State Implementation Plan (SIP) proposed in the *Federal Register* on April 16, 1999. The revisions concern rules from the Monterey Bay Unified Air Pollution Control District (MBUAPCD). This approval action will incorporate these rules into the Federally approved SIP. The intended effect of approving these rules is to regulate permitting of stationary sources in accordance with the requirements of the Act, as amended in 1990. EPA is finalizing the approval of these revisions into the California SIP under provisions of the CAA regarding EPA action on SIP submittals. SIPs for national primary and secondary ambient air quality standards and plan requirements for nonattainment areas.

DATES: This action is effective on August 2, 1999.

ADDRESSES: Copies of the rule(s) and EPA's evaluation report for each rule are available for public inspection at EPA's Region IX office during normal business hours. Copies of the submitted rule(s) are available for inspection at the following locations:

(1) EPA Region 9, 75 Hawthorne Street, San Francisco, CA 94105.

(2) California Air Resources Board, 2020 L Street, Sacramento, CA 95814.

(3) Monterey Bay Unified Air Pollution Control District, 24580 Silver Cloud Court, Monterey CA 93940.

FOR FURTHER INFORMATION CONTACT: Roger Kohn, Permits Office, [AIR-3], Air Division, U.S. Environmental Protection Agency, Region IX, 75 Hawthorne Street, San Francisco, CA 94105-3901;

Telephone: (415) 744-1238; E-mail: kohn.roger@epa.gov.

SUPPLEMENTARY INFORMATION:

I. Applicability

The rules being approved into the California SIP include: MBUAPCD Rules 200 (Permits Required), 204 (Cancellation of Applications), 207 (Review of New or Modified Sources), 213 (Continuous Emissions Monitoring), 215 (Banking of Emissions Reductions), and 436 (Title V: General Prohibitory Rule). These rules were submitted by the California Air Resources Board to EPA on June 9, 1987 (Rule 200), February 10, 1986 (Rule 204), March 3, 1997 (Rule 207), March 29, 1994 (Rule 213), June 3, 1997 (Rule 215), and August 10, 1995 (Rule 436).

II. Background

On April 16, 1999 in 64 FR 18858, EPA proposed to approve the above rules into the California SIP. A detailed discussion of the background for each of the above rules is provided in the proposed rule cited above.

EPA has evaluated the above rules for consistency with the requirements of the CAA and EPA regulations and EPA interpretation of these requirements as expressed in the various EPA policy guidance documents referenced in the proposed rule cited above. EPA has found that the rules meet the applicable EPA requirements. A detailed discussion of the rule provisions and evaluations has been provided in the proposed rule and in the technical support document (TSD), dated April 1, 1999, which is available at EPA's Region IX office.

III. Response to Public Comments

A 30-day public comment period was provided in 64 FR 18858. No comments were submitted to EPA during the comment period, which ended on May 17, 1999.

IV. EPA Action

EPA is finalizing this action to approve the above rules for inclusion into the California SIP. EPA is approving the submittal under section 110(k)(3) as meeting the requirements of section 110(a) and parts C and D of the CAA. This approval action will incorporate these rules into the Federally approved SIP. The intended effect of approving these rules is to regulate stationary sources in accordance with the requirements of the CAA.

limitations on the use of certain losses and deductions.

DATES: This correction is effective July 2, 1999.

FOR FURTHER INFORMATION CONTACT:

Jeffrey L. Vogel or Marie Milnes-Vasquez at (202) 622-7770 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The final regulations that are subject to these corrections are under section 1502 of the Internal Revenue Code.

Need for Correction

As published, final regulations (TD 8823) contains errors that may prove to be misleading and are in need of clarification.

Correction of Publication

Accordingly, the publication of the final regulations (TD 8823), which were the subject of FR Doc. 99-16161, is corrected as follows:

1. On page 36095, column 3, in the preamble under the heading, *Built-in Losses*, line 2 from the bottom of the paragraph, the language "latter or the SRLY event or section 382" is corrected to read "latter of the SRLY event or section 382".

§ 1.1502-15 [Corrected]

2. On page 36103, column 1, § 1.1502-15(d), paragraph (i) of *Example 3*, line 3, the language "M are each common parents of a" is corrected to read "M are each the common parent of a".

3. On page 36103, column 3, § 1.1502-15(d), paragraph (vii) of *Example 4*, lines 6 and 7, the language "determining the SRLY limitation for these additional losses in Year 4 (or any)" is corrected to read "determining the SRLY limitation for this additional loss in Year 4 (or any)".

4 & 5. On page 36104, column 3, § 1.1502-15, paragraphs (g)(4)(i) and (g)(4)(ii) are corrected to read as follows:

§ 1.1502-15 SRLY limitation on built-in losses.

• • • • •

(g) • • • • •
(4) • • • • •

(i) All members of the SRLY subgroup with respect to those built-in losses are also included in a loss subgroup (as defined in § 1.1502-91(d)(2)); and
(ii) All members of a loss subgroup (as defined in § 1.1502-91(d)(2)) are also members of a SRLY subgroup with respect to those built-in losses.

• • • • •

On page 36105, column 1, 1502-15(g)(6), paragraph (v) of

Example 1, the last line in the paragraph, the language "and the application of the section 382." is corrected to read "and the application of section 382".

7. On page 36105, column 1, § 1.1502-15(g)(6), paragraph (ix) of *Example 1*, the last line in the paragraph, the language "recognized with the recognition period." is corrected to read "recognized within the recognition period."

§ 1.1502-21 [Corrected]

8. On page 36109, column 2, § 1.1502-21(c)(2), line 13 from the bottom of the introductory text, the language "(the former group), or for a carryover" is corrected to read "(the former group), whether or not the group is a consolidated group, or for a carryover".

9. On page 36110, column 1, § 1.1502-21(c)(2)(viii), paragraph (i) of *Example 1*, lines 2 and 3, the language "S, T and M, P and M are each common parents of a consolidated group. During Year" is corrected to read "S, T, and M, P and M are each the common parent of a consolidated group. During Year".

10. On page 36110, column 3, § 1.1502-21(c)(2)(viii), paragraph (i) of *Example 2*, lines 2 and 3, the language "of the stock of S, T, P and M, P and M are each common parents of a consolidated" is corrected to read "of the stock of S, T, P, and M, P and M are each the common parent of a consolidated".

11. On page 36111, column 1, § 1.1502-21(c)(2)(viii), paragraph (i) of *Example 3*, lines 2 and 3, the language "the stock of S, T, P and M, S, P and M are each common parents of a consolidated" is corrected to read "the stock of S, T, P, and M, S, P, and M are each the common parent of a consolidated".

12. On page 36112, column 3, § 1.1502-21(g)(5), paragraph (i) of *Example 4*, line 3, the language "for 6 years. For Year 6, T has an net operating" is corrected to read "for 6 years. For Year 6, T has a net operating".

13. On page 36112, column 3, § 1.1502-21(g)(5), paragraph (i) of *Example 5*, line 5, the language "unrelated to A, owns all of the stock of P, the" is corrected to read "unrelated to Individual A, owns all of the stock of P, the".

14. On page 36113, column 3, § 1.1502-21(g)(5), paragraph (i) of *Example 9*, line 11, the language "Individual A. On January 1 of Year 3, M" is corrected to read "Individual A. On December 31 of Year 2, M".

15. On page 36113, column 3, § 1.1502-21(g)(5), paragraph (iii) of *Example 9*, lines 1 through 3, the language "M's January 1 purchase of 51% of P is a section 382 event because it results in an ownership change of S and T that gives rise" is corrected to read "M's December 31 purchase of 51% of P is a section 382 event because it results in an ownership change of the S loss subgroup that gives rise".

16. On page 36113, column 3, § 1.1502-21(g)(5), paragraph (v) of *Example 9*, lines 1 through 3, the language "Because the SRLY event and the change date of the section 382 event occur on the same date and the SRLY subgroup and loss" is corrected to read "Because the SRLY event occurred within six months of the change date of the section 382 event and the SRLY subgroup and loss".

1.1502-23 [Corrected]

17. On page 36116, column 1, § 1.1502-23(d)(1), second line from the bottom of the paragraph, the language "consolidated return is taxable years is" is corrected to read "consolidated return is".

Cynthia E. Grigsby, Chief, Regulations Unit, Assistant Chief Counsel (Corporate).

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DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

31 CFR Parts 538, 550 and 560

Sudanese Sanctions Regulations; Libyan Sanctions Regulations; Iranian Transactions Regulations; Licensing of Commercial Sales of Agricultural Commodities and Products, Medicine, and Medical Equipment

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Final rule; amendments.

SUMMARY: The Treasury Department is amending the Sudanese Sanctions Regulations, the Libyan Sanctions Regulations, and the Iranian Transactions Regulations to add statements of licensing policy with respect to commercial sales of agricultural commodities and products, medicine, and medical equipment.

EFFECTIVE DATE: JULY 27, 1999.

FOR FURTHER INFORMATION CONTACT: Steven I. Pinter, Chief of Licensing (tel.: 202/622-2480) or William B. Hoffman, Chief Counsel (tel.: 202/622-2410), Office of Foreign Assets Control, U.S.

Treasury Department, Washington, DC 20220.

SUPPLEMENTARY INFORMATION:

Electronic and Facsimile Availability

This document is available as an electronic file on *The Federal Bulletin Board* the day of publication in the *Federal Register*. By modem, dial 202/512-1387 and type "/GO FAC." or call 202/512-1530 for disk or paper copies. This file is available for downloading without charge in ASCII and Adobe Acrobat® readable (*.PDF) formats. For Internet access, the address for use with the World Wide Web (Home Page), Telnet, or FTP protocol is: fedbbs.access.gpo.gov. The document is also accessible for downloading in ASCII format without charge from Treasury's Electronic Library ("TEL") in the "Research Mall" of the FedWorld bulletin board. By modem, dial 703/321-8020, and select self-expanding file "T11FR00.EXE" in TEL. For Internet access, use one of the following protocols: Telnet = fedworld.gov (192.239.93.3); World Wide Web (Home Page) = <http://www.fedworld.gov>; FTP = <ftp.fedworld.gov> (192.239.92.205). Additional information concerning the programs of the Office of Foreign Assets Control is available for downloading from the Office's Internet Home Page: <http://www.treas.gov/ofac>, or in fax form through the Office's 24-hour fax-on-demand service: call 202/622-0077 using a fax machine, fax modem, or (within the United States) a touch-tone telephone.

Background

On April 28, 1999, President Clinton announced that existing unilateral economic sanctions programs would be amended to modify licensing policies to permit case-by-case review of specific proposals for the commercial sale of agricultural commodities and products, as well as medicine and medical equipment, where the United States Government has the discretion to do so. He further announced that the Administration was developing country-specific licensing criteria to guide the case-by-case review process so that governments subject to sanctions do not gain unjustified or unwarranted benefits from such sales. To implement this policy, the Treasury Department's Office of Foreign Assets Control ("OFAC") is amending the Sudanese Sanctions Regulations, 31 CFR part 538 (the "SSR"), the Libyan Sanctions Regulations, 31 CFR part 550 (the "LSR"), and the Iranian Transactions Regulations, 31 CFR part 560 (the "ITR") (collectively, the "Regulations"), to make available both general and

specific licenses governing commercial sales of such goods.

This final rule deals with commercial sales to Sudan, Libya and Iran (the "target countries") of agricultural commodities and products intended for ultimate consumption in a target country as food by humans (including live animals, raw, processed and packaged foods) or animals (including animal feeds); as seeds for food crops; or as reproductive materials (such as live animals, fertilized eggs, embryos and semen) for the production of food animals. It also deals with commercial sales of medicines (including those administered by injection) and medical equipment for use in the target countries, if those medicines and medical equipment are not listed on the Commerce Control List in the Export Administration Regulations, 15 CFR part 774, supplement no. 1 (excluding items classified EAR 99), as of the date of exportation or reexportation. Regulations, §§ 538.523(a), 550.569(a) and 560.530(a).

Licensing of commercial sales. The amendments authorize two tracks for commercial sales of these goods. First, an OFAC general license permits sellers to negotiate and sign executory contracts for commercial sales and exportation or reexportation of any of these agricultural or medical items to the target countries or their governments. Performance under such executory contracts must be contingent upon receipt of an OFAC license. After review of an executory contract, OFAC may authorize its performance by specific license where OFAC finds the contract terms consistent with the licensing policy in this final rule. Regulations, §§ 538.523, 550.569 and 560.530. Second, persons wishing to make commercial sales of certain bulk agricultural commodities to the target countries or their governments may apply for specific licenses that permit future entry into and performance of contracts for those commodities. OFAC will issue a specific license for the proposed bulk agricultural commodity sales and exportation and reexportation if it finds the proposal set forth in the application consistent with the licensing policy in this final rule. Regulations, §§ 538.524 and SSR, appendix A; § 550.570 and LSR, appendix A; § 560.531 and ITR, appendix B. In either case, all sales to the target countries must comply with a series of requirements intended to ensure that such sales do not improperly benefit the target countries' governments.

Required contract terms for executory contracts. In addition to the

requirements set forth below in *Required contract terms in general*, executory contracts submitted to OFAC for specific licensing must disclose all parties with an interest in the sales transaction, including identification of a purchasing agent's principals at the wholesale level, if any; set forth all terms of sale (e.g., purchase price, quantity, date of shipment, financing), except that dates for contract performance may be made dependent upon the date OFAC issues a specific license; and ensure that exports and reexports of any goods, technology or services are in compliance with license application requirements of other Federal agencies. Regulations, §§ 538.523(b), 550.569(b) and 560.530(b).

Required contract terms for bulk agricultural commodities contracts. Contracts entered into pursuant to an OFAC specific license for bulk agricultural commodity sales must meet all of the requirements set forth below in *Required contract terms in general*, and may only cover commercial sales of the bulk agricultural commodities listed in the appendices to the Regulations. Regulations, §§ 538.524(b)(1), 550.570(b)(1) and 560.531(b)(1).

Required contract terms in general. Contracts for commercial sales licensed pursuant to this final rule must, in addition to the applicable requirements noted above, comply with the following conditions. The contracts must disclose the purchasers, including (for sales through persons in third countries) those to whom goods are to be resold, which may only be (1) private individuals in the target countries who are acting for their own accounts, (2) nongovernmental entities in the target countries, (3) target-country governmental procurement bodies identified by OFAC as not being affiliated with the coercive organs of the state, or (4) persons in third countries purchasing specifically for resale to any of the foregoing. (A listing of the procurement bodies identified by OFAC as not being affiliated with the coercive organs of the state can be found on OFAC's Web site at <http://www.treas.gov/ofac> or OFAC's fax-on-demand service at 202/622-0077.) Persons named in OFAC's list of blocked persons, specially designated nationals, specially designated terrorists, foreign terrorist organizations, and specially designated narcotics traffickers (31 CFR chapter V, appendix A) or of financial institutions owned or controlled by the government of Iran (ITR, appendix A) are not eligible purchasers. All contracts must also provide for sales at prevailing market

prices and with payment terms and financing consistent with the policies set forth below in *Payment and financing terms*. Regulations, §§ 538.523 and 538.524(b); 550.569 and 550.570(b); 560.530 and 560.531(b).

Recordkeeping and reporting requirements. In addition, full records of all transactions pursuant to OFAC licenses must be maintained for a minimum of 5 years after each transaction, and reports relating to the transactions must be provided to OFAC upon demand to ensure compliance with all licensing requirements. Regulations, §§ 538.523(e), 538.524(c); 550.569(e), 550.570(c); 560.530(e), 560.531(c); 501.601 and 501.602.

Payment and financing terms. Certain payment and financing terms for commercial sales of agricultural or medical items to the target countries or their governments are authorized by general license. These include payment of cash in advance, sales on open account (so long as the seller does not discount or otherwise transfer the account receivable created by the sale), and financing by third-country financial institutions (not U.S. persons nor target-country government banks). U.S. financial institutions are authorized by general license to advise or confirm such third-country financial institution financing. Regulations, §§ 538.525(a), 550.571(a) and 560.532(a). In addition, specific licenses may be issued for payment terms and trade financing not permitted by general license. Regulations, §§ 538.525(b), 550.571(b) and 560.532(b). Payments through the U.S. banking system must reference the applicable OFAC license to avoid being stopped or blocked in transit.

Brokerage of target country purchases. This final rule permits, by general license, U.S. persons to broker sales of bulk agricultural commodities by U.S. persons destined for the target countries or their governments. For those sales, brokerage is authorized only if the sales meet all applicable requirements of this final rule for bulk agricultural commodity sales. To broker sales of bulk agricultural commodities by non-U.S. persons to the target countries or their governments, the broker must first obtain a specific license from OFAC. Licenses for brokerage are limited to sales of items listed in the bulk agricultural commodities appendices to the Regulations made to target country persons eligible to purchase bulk agricultural commodities from U.S. persons pursuant to paragraphs (b)(2) and (e) of §§ 538.524, 550.570 and 560.531 of the Regulations. Further, if a brokered sale is subject to Federal

licensing requirements, the sales must be made contingent upon prior authorization of the relevant Federal agency. Brokerage fees may not be paid from a blocked account of the Government of Sudan or Libya or from an Iranian account as defined in 31 CFR 560.530. Finally, brokers of any sales subject to this final rule must comply with the OFAC recordkeeping and reporting requirements in §§ 501.601 and 501.602 of 31 CFR chapter V. Regulations, §§ 538.526, 550.572 and 560.533.

Incidental transactions. The SSR is interpreted to permit most transactions incidental to licensed transactions. SSR, § 538.405. This final rule amends the LSR and ITR to provide similar interpretations to that of the SSR, and to clarify in all three provisions that OFAC does not interpret the following as permitted incidental transactions: transportation services to or from the target countries except the discharging of licensed or exempt cargo; distribution or leasing of containers in the target countries after performing transportation services; or financing agricultural and medical sales described in this final rule. Regulations, §§ 538.405, 550.405 and 560.405. (General licenses for certain financing terms and statements of licensing policy with respect to alternative terms are noted above.) Travel-related transactions are not restricted in the SSR or ITR. This final rule amends the LSR to authorize travel-related transactions for the negotiation of executory contracts or bulk agricultural commodity contracts. Specific licensing is required for installation and servicing of medical equipment sold to Libya pursuant to executory contracts. LSR, § 550.573.

Paperwork Reduction Act

As authorized in the Administrative Procedure Act (5 U.S.C. 553) (the "APA"), this final rule is amending the Regulations in being issued without prior notice and public comment procedure. The collections of information related to the Regulations are contained in 31 CFR part 501 (the "Reporting and Procedures Regulations"). Pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3507), those collections of information have been approved by the Office of Management and Budget ("OMB") under control number 1505-0164. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid control number.

Because the Regulations involve a foreign affairs function, Executive Order 12866 and the provisions of the APA requiring notice of proposed rulemaking, opportunity for public participation, and delay in effective date, are inapplicable. Because no notice of proposed rulemaking is required for this rule, the Regulatory Flexibility Act (5 U.S.C. 601-612) does not apply.

List of Subjects

31 CFR Part 538

Administrative practice and procedure, Agricultural commodities, Banks, banking, Blocking of assets, Drugs, Exports, Foreign trade, Humanitarian aid, Imports, Medical devices, Penalties, Reporting and recordkeeping requirements, Specially designated nationals, Sudan, Terrorism, Transportation.

31 CFR Part 550

Administrative practice and procedure, Agricultural commodities, Banks, banking, Blocking of assets, Drugs, Exports, Foreign investment, Foreign trade, Government of Libya, Imports, Libya, Loans, Medical devices, Penalties, Reporting and recordkeeping requirements, Securities, Services, Specially designated nationals, Terrorism, Travel restrictions.

31 CFR Part 560

Administrative practice and procedure, Agricultural commodities, Banks, banking, Drugs, Exports, Foreign trade, Imports, Information, Investments, Iran, Loans, Medical devices, Penalties, Reporting and recordkeeping requirements, Services, Specially designated nationals, Terrorism, Transportation.

For the reasons set forth in the preamble, 31 CFR parts 538, 550 and 560 are amended as set forth below:

ART 538—SUDANESE SANCTIONS REGULATIONS

1. The authority citation for part 538 continues to read as follows:

Authority: 3 U.S.C. 301; 31 U.S.C. 321(b); 50 U.S.C. 1601-1651, 1701-1706; E.O. 13067, 62 FR 59989, 3 CFR, 1997 Comp., p. 230.

Subpart D—Interpretations

2. Section 538.405 is revised to read as follows:

§ 538.405 Transactions incidental to a licensed transaction authorized.

Any transaction ordinarily incident to a licensed transaction and necessary to give effect thereto is also authorized, except:

(a) A transaction by an unlicensed Sudanese governmental entity or involving a debit to a blocked account or a transfer of blocked property not explicitly authorized within the terms of the license;

(b) Provision of any transportation services to or from Sudan not explicitly authorized in or pursuant to this part other than discharging licensed or exempt cargo there;

(c) Distribution or leasing in Sudan of any containers or similar goods owned or controlled by United States persons after the performance of transportation services to Sudan; and

(d) Financing of licensed sales for exportation or reexportation of agricultural commodities or products, medicine, or medical equipment to Sudan or the Government of Sudan. See § 538.525.

Subpart E—Licenses, Authorizations, and Statements of Licensing Policy

3. Section 538.523 is added to subpart E to read as follows:

§ 538.523 Commercial sales and exportation of agricultural commodities and products, medicine, and medical equipment.

(a) *General license for executory contracts.* Except as provided in paragraph (c) of this section, entry into executory contracts is authorized for the following transactions with individuals in Sudan acting for their own account, nongovernmental entities in Sudan, or procurement bodies of the Government of Sudan identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state, or with persons in third countries purchasing specifically for resale to any of the foregoing, provided that performance of the executory contracts (including any preparatory activities, payments or deposits related to such executory contracts) is contingent upon the prior authorization of the Office of Foreign Assets Control in or pursuant to this part:

(1) The sale of agricultural commodities and products, if those commodities and products are intended for ultimate consumption in Sudan as:

(i) Food by humans (including live animals, raw, processed and packaged foods) or animals (including animal feeds);

(ii) Seeds for food crops; and

(iii) Reproductive materials (such as live animals, fertilized eggs, embryos and semen) for the production of food animals; and

(2) The sale of medicines (including those administered by injection) and

medical equipment for use in Sudan, if those medicines and medical equipment are not listed on the Commerce Control List in the Export Administration Regulations, 15 CFR part 774, supplement no. 1 (excluding items classified EAR99), as of the date of exportation or reexportation. (EAR99 items may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10.)

Note to paragraph (a) of § 538.523. See § 538.524 with respect to the availability of specific licenses for sales of certain bulk agricultural commodities for exportation or reexportation to Sudan or the Government of Sudan.

(b) *Required terms of executory contracts.* The authorization contained in paragraph (a) of this section applies only to executory contracts that:

(1) Disclose all parties with an interest in the sales transaction. If the goods are being sold to a purchasing agent in Sudan, the executory contract must identify the agent's principals at the wholesale level for whom the purchase is being made;

(2) Provide only for sales at prevailing market prices;

(3) Set forth all terms of sale (e.g., purchase price, quantity, date of shipment, financing), except that dates for contract performance may be made dependent upon the date a specific license pursuant to paragraph (d) of this section is obtained from the Office of Foreign Assets Control;

(4) Make any performance involving the exportation or reexportation of any goods, technology (including technical data, software, or other information) or services that are subject to license application requirements of another Federal agency contingent upon the prior authorization of that agency. (For example, EAR99 items may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10; see also 22 CFR 123.9); and

(5) Provide for payment terms consistent with the provisions of § 538.525.

(c) *Ineligible purchasers.* Nothing in this section permits entry into or performance of a sales contract with a person specifically named in appendix A to this chapter V or in appendix A to part 560 of this chapter, other than a procurement body of the Government of Sudan identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state.

Note to paragraph (c) of § 538.523. Information on ineligible purchasers and eligible procurement bodies will be published in the Federal Register and may be found on the Office of Foreign Assets Control's Internet site: <http://www.treas.gov/ofac>, or on its fax-on-demand system, 202/622-0077.

(d) *Specific licenses for performance under executory contracts.* Specific licenses may be issued on a case-by-case basis to permit the performance of executory contracts meeting the requirements of paragraphs (a) and (b) of this section. See § 501.801(b) of this chapter with respect to specific licensing procedures.

(e) *Recordkeeping and reporting requirements.* Attention is drawn to the recordkeeping, retention, and reporting requirements of §§ 501.601 and 501.602.

4. Section 538.524 is added to subpart E to read as follows:

538.524 Commercial sales and exportation of certain bulk agricultural commodities.

(a) *Sales of bulk agricultural commodities by licensed sellers.* Specific licenses may be issued on a case-by-case basis to permit the sale and exportation or reexportation to persons in Sudan or the Government of Sudan of bulk agricultural commodities intended for ultimate consumption in Sudan as food by humans or animals (including animal feeds) and seeds for food crops, for sales meeting all requirements of paragraph (b) of this section.

(b) *Required contract terms for commercial sales of bulk agricultural commodities.* Specific licenses issued pursuant to this section will authorize entry into and performance only of contracts that:

(1) Provide for the sale and exportation or reexportation only of bulk agricultural commodities listed in appendix A to this part 538;

(2) Fully identify the purchasers of the bulk agricultural commodities, including (for sales through persons in third countries) those to whom the commodities are to be resold, and do not include as a purchaser any person in Sudan or any person within the definition of the term Government of Sudan other than:

(i) A private individual in Sudan acting for his or her own account;

(ii) A nongovernmental entity in Sudan; or

(iii) A procurement body of the Government of Sudan identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state;

(3) Provide only for sales at prevailing market prices;

(4) Make any performance involving the exportation or reexportation of any goods, technology (including technical data, software, or other information) or services that are subject to license application requirements of another Federal agency contingent upon the prior authorization of that agency. (For example, EAR99 items may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10; see also 22 CFR 123.9); and

(5) Provide for payment terms consistent with the provisions of § 538.525.

(c) *Recordkeeping and reporting requirements.* Attention is drawn to the recordkeeping, retention, and reporting requirements of §§ 501.601 and 501.602.

(d) *Other commodities and products.* Requests may be made to the Office of Foreign Assets Control for specific licenses analogous to those available pursuant to paragraph (a) of this section where the applicant demonstrates to the satisfaction of the Office of Foreign Assets Control that, in light of industry practices, sales of the particular agricultural commodity or product, medicine, or medical equipment are impracticable under the executive contract licensing procedures contained in § 538.523.

(e) *Ineligible purchasers.* Nothing in this section permits entry into or performance of a sales contract with a person specifically named in appendix A to part 560 of this chapter, other than a procurement body of the Government of Sudan identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the State.

Note to paragraph (e) of § 538.524. Information on ineligible purchasers and eligible procurement bodies will be published in the *Federal Register* and may be found on the Office of Foreign Assets Control's Internet site: <http://www.treas.gov/ofac>, or on its fax-on-demand system: 202/622-0077.

5. Section 538.525 is added to subpart E to read as follows:

§ 538.525 Payment for and financing of commercial sales of agricultural commodities and products, medicine, and medical equipment.

(a) *General license for payment terms.* The following payment terms for sales of agricultural commodities and products, medicine, and medical equipment pursuant to §§ 538.523 and 538.524 are authorized:

- (1) Payment of cash in advance;
- (2) Sales on open account, provided that the account receivable may not be

transferred by the person extending the credit; or

(3) Financing by third-country financial institutions that are neither United States persons nor Government of Sudan entities. Such financing may be confirmed or advised by U.S. financial institutions.

(b) *Specific licenses for alternate payment terms.* Specific licenses may be issued on a case-by-case basis for payment terms and trade financing not authorized by the general license in paragraph (a) of this section for sales pursuant to §§ 538.523 and 538.524, except that such financing may not be provided by the Government of Sudan. See § 501.801(b) of this chapter for specific licensing procedures.

(c) *No debits to blocked accounts.* Nothing in this section authorizes payment terms or trade financing involving a debit to an account of the Government of Sudan blocked pursuant to this part.

(d) *Transfers through the U.S. financial system.* Before a United States financial institution initiates a payment on behalf of any customer, or credits a transfer to the account on its books of the ultimate beneficiary, the United States financial institution must determine that the underlying transaction is not prohibited by this part. Any payment relating to a transaction authorized in or pursuant to § 538.523, 538.524, or 538.526 that is routed through the U.S. financial system must reference the relevant Office of Foreign Assets Control license authorizing the payment to avoid the blocking or rejection of the transfer.

6. Section 538.526 is added to subpart E to read as follows:

§ 538.526 Brokering sales of bulk agricultural commodities.

(a) *General license for brokering sales by U.S. persons.* United States persons are authorized to broker the sale and exportation or reexportation by United States persons of the bulk agricultural commodities listed in appendix A to this part 538 to individuals in Sudan acting for their own account, nongovernmental entities in Sudan, procurement bodies of the Government of Sudan identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the State, or persons in third countries purchasing specifically for resale to any of the foregoing, provided that the brokered sales meet all conditions of § 538.524.

(b) *Specific licensing for brokering sales by non-U.S. persons.* Specific licenses may be issued on a case-by-case basis to permit United States

persons to broker the sale and exportation or reexportation of bulk agricultural commodities by non-United States persons to persons in Sudan or the Government of Sudan. Specific licenses issued pursuant to this section will authorize the brokerage only of sales that:

- (1) Are limited to the bulk agricultural commodities listed in appendix A to this part 538;
- (2) Are to purchasers permitted pursuant to paragraphs (b)(2) and (e) of § 538.524;
- (3) Require that any performance that is subject to license application requirements of another Federal agency be contingent upon the prior authorization of that agency. (For example, items classified EAR99 under the Export Administration Regulations, 15 CFR parts 730 through 774, may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10; see also 22 CFR 123.9.)

(c) *No debit to blocked accounts.* Payment for any brokerage fee earned pursuant to this section may not involve a debit to an account blocked pursuant to this part.

(d) *Recordkeeping and reporting requirements.* Attention is drawn to the recordkeeping, retention, and reporting requirements of §§ 501.601 and 501.602.

7. Appendix A to part 538 is added to read as follows:

Appendix A to Part 538—Bulk Agricultural Commodities

- Notes:
1. Appendix A sets forth those agricultural commodities eligible for the bulk agricultural commodity sales licensing procedures in § 538.524.
 2. Commodities are identified by their classification numbers in the Harmonized Tariff Schedule of the United States (see 19 U.S.C. 1202) ("HTS").

HTS Number	Commodity
1001.10	Durum Wheat
1001.90	Other Wheat and Meslin, including seed, Red Spring Wheat, White Winter Wheat, "Canadian" Western Red Winter Wheat, Soft White Spring Wheat, and Wheat not elsewhere specified
1101.00	Wheat or Meslin Flour
1006.10	Rice in the husk (paddy or rough)
1006.20	Husked (brown) Rice
1006.30	Semi-milled or wholly milled Rice, whether or not polished or glazed

HTS Number	Commodity
1006.40	Broken Rice
1102.30	Rice Flour
1103.14	Rice Groats, Meal and Pellets
1002.00	Rye
1003.00	Barley
1004.00	Oats
1007.00	Grain Sorghum
1005.00	Corn (Maize)
0713.31	Dried Beans including <i>Vigna mungo</i> (L.) Hepper, and <i>Vigna radiata</i> (L.) Wilczek
0713.32	Small red (adzuki) beans
0713.33	Kidney beans, including white pea beans
0713.39	Beans, other
0713.50	Broad beans and horse beans
0713.10	Dried Peas (<i>Pisum sativum</i>)
0713.20	Chickpeas (garbanzos)
0713.40	Lentils
0713.90	Dried leguminous vegetables, shelled, not elsewhere specified
1201.00	Soybeans, whether or not broken
2304.00	Soybean cake, meal and pellets
1507.10	Soybean oil, crude
1507.90	Soybean oil, other
1514.10	Rapeseed, colza and mustard oil, crude
1514.90	Rapeseed, colza and mustard oil, other
1515.21	Corn (Maize) oil, crude
1515.29	Corn (Maize) oil, other
1512.21	Cottonseed oil, crude
1512.29	Cottonseed oil, other
1517.90	Cottonseed oil, hydrogenated
1508.10	Peanut (ground-nut) oil, crude
1508.90	Peanut (ground-nut) oil, other
1515.50	Sesame oil
1512.11	Sunflower-seed oil, crude
1512.19	Sunflower-seed oil, other
1212.91	Sugar Beets, fresh, chilled, frozen or dried
1212.92	Sugar Cane, fresh, chilled, frozen or dried
1701.11	Cane Sugar, raw, solid form
1701.12	Beet Sugar, raw, solid form
1701.91	Cane or Beet Sugar, solid form, containing added coloring or flavoring
1701.99	Cane or Beet Sugar, other, not elsewhere specified

PART 550—LIBYAN SANCTIONS REGULATIONS

1. The authority citation for part 550 is revised to read as follows:

Authority: 3 U.S.C. 301; 18 U.S.C. 2332d; 22 U.S.C. 287c, 2349aa-8 and 2349aa-9; 31 U.S.C. 321(b); 49 U.S.C. 40106(b); 50 U.S.C. 1601-1651; 1701-1706; Pub. L. 101-410, 104 Stat. 890 (28 U.S.C. 2461 note); E.O. 12543, 51 FR 875, 3 CFR, 1986 Comp., p. 181; E.O. 12544, 51 FR 1235, 3 CFR, 1986 Comp., p. 183; E.O. 12801, 57 FR 14319, 3 CFR, 1992 Comp., p. 294.

2. Section 550.405 is revised to read as follows:

§ 550.405 Transactions incidental to a licensed transaction authorized.

Any transaction ordinarily incident to a licensed transaction and necessary to give effect thereto is also authorized, except:

(a) A transaction by an unlicensed Libyan governmental entity or involving a debit to a blocked account or a transfer of blocked property not explicitly authorized within the terms of the license;

(b) Provision of any transportation services to or from Libya not explicitly authorized in or pursuant to this part other than discharging licensed or exempt cargo there;

(c) Distribution or leasing in Libya of any containers or similar goods owned or controlled by United States persons after the performance of transportation services to Libya; and

(d) Financing of licensed sales for exportation or reexportation of agricultural commodities or products, medicine or medical equipment to Libya or the Government of Libya. See § 550.571.

Subpart E—Licenses, Authorizations, and Statements of Licensing Policy

3. Section 550.569 is added to subpart E to read as follows:

§ 550.569 Commercial sales of agricultural commodities and products, medicine, and medical equipment.

(a) *General license for executory contracts.* Entry into executory contracts is authorized for the following transactions with individuals in Libya acting for their own account.

nongovernmental entities in Libya or procurement bodies of the Government of Libya identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state, or with persons in third countries purchasing specifically for resale to any of the foregoing, provided that performance of the executory contracts (including any preparatory activities, payments or deposits related to such executory contracts) is contingent upon the prior authorization of the Office of Foreign Assets Control in or pursuant to this part:

(i) The sale of agricultural commodities and products, if those commodities and products are intended for ultimate consumption in Libya as:

(i) Food by humans (including live animals, raw, processed and packaged foods) or animals (including animal feeds);

(ii) Seeds for food crops; and

(iii) Reproductive materials (such as live animals, fertilized eggs, embryos

and semen) for the production of food animals; and

(2) The sale of medicines (including those administered by injection) and medical equipment for use in Libya, if those medicines and medical equipment are not listed on the Commerce Control List in the Export Administration Regulations, 15 CFR part 774, supplement no. 1 (excluding items classified EAR99), as of the date of exportation or reexportation. (EAR99 items may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10.)

Note to paragraph (a) of § 550.569: See § 550.570 with respect to the availability of specific licenses for sales of certain bulk agricultural commodities for exportation or reexportation to Libya or the Government of Libya.

(b) *Required terms of executory contracts.* The authorization contained in paragraph (a) of this section applies only to executory contracts that:

(1) Disclose all parties with an interest in the sales transaction. If the goods are being sold to a purchasing agent in Libya, the executory contract must identify the agent's principals at the wholesale level for whom the purchase is being made;

(2) Provide only for sales at prevailing market prices;

(3) Set forth all terms of sale (e.g., purchase price, quantity, date of shipment, financing), except that dates for contract performance may be made dependent upon the date a specific license pursuant to paragraph (d) of this section is obtained from the Office of Foreign Assets Control.

(4) Make any performance involving the exportation or reexportation of any goods, technology (including technical data, software, or other information) or services that are subject to license application requirements of another Federal agency contingent upon the prior authorization of that agency. (For example, items classified EAR99 under the Export Administration Regulations, 15 CFR parts 730 through 774, may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10; see also 22 CFR 123.9); and

(5) Provide for payment terms consistent with the provisions of § 550.571.

(c) *Ineligible purchasers.* Nothing in this section permits entry into or performance of a sales contract with a person specifically named in appendix A to this chapter V or in appendix A to

part 560 of this chapter, other than a procurement body of the Government of Libya identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state.

Note to paragraph (c) of § 550.569. Information on ineligible purchasers and eligible procurement bodies will be published in the Federal Register and may be found on the Office of Foreign Assets Control's Internet site: <http://www.treas.gov/ofac>, or on its fax-on-demand system: 202/622-0077.

(d) *Specific licenses for performance under executory contracts.* Specific licenses may be issued on a case-by-case basis to permit the performance of executory contracts meeting the requirements of paragraphs (a) and (b) of this section. See § 501.801(b) of this chapter with respect to specific licensing procedures.

(e) *Recordkeeping and reporting requirements.* Attention is drawn to the recordkeeping, retention, and reporting requirements of §§ 501.601 and 501.602.

4. Section 550.570 is added to subpart E to read as follows:

§ 550.570 Commercial sales of certain bulk agricultural commodities.

(a) *Sales of bulk agricultural commodities by licensed sellers.*

Specific licenses may be issued on a case-by-case basis to permit the sale and exportation or reexportation to persons in Libya or the Government of Libya of bulk agricultural commodities intended for ultimate consumption in Libya as food by humans or animals (including animal feeds) and seeds for food crops, for sales meeting all requirements of paragraph (b) of this section.

(b) *Required contract terms for commercial sales of bulk agricultural commodities.* Specific licenses issued pursuant to this section will authorize entry into and performance only of contracts that:

(1) Provide for the sale and exportation or reexportation only of bulk agricultural commodities listed in appendix A to this part 550;

(2) Fully identify the purchasers of the bulk agricultural commodities, including (for sales through persons in third countries) those to whom the commodities are to be resold, and do not include as a purchaser any person in Libya or any person within the definition of the term Government of Libya other than:

(i) A private individual in Libya acting for his or her own account;

(ii) A nongovernmental entity in Libya; or

(iii) A procurement body of the Government of Libya identified by the

Office of Foreign Assets Control as not being affiliated with the coercive organs of the state;

(3) Provide only for sales at prevailing market prices;

(4) Make any performance involving the exportation or reexportation of any goods, technology (including technical data, software, or other information) or services that are subject to license application requirements of another Federal agency contingent upon the prior authorization of that agency. (For example, EAR99 items may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10; see also 22 CFR 123.9); and

(5) Provide for payment terms consistent with the provisions of § 550.571.

(c) *Recordkeeping and reporting requirements.* Attention is drawn to the recordkeeping, retention, and reporting requirements of §§ 501.601 and 501.602.

(d) *Other commodities and products.* Requests may be made to the Office of Foreign Assets Control for specific licenses analogous to those available pursuant to paragraph (a) of this section where the applicant demonstrates to the satisfaction of the Office of Foreign Assets Control that, in light of industry practices, sales of the particular agricultural commodity or product, medicine, or medical equipment are impracticable under the executory contract licensing procedures contained in § 550.569.

(e) *Ineligible purchasers.* Nothing in this section permits entry into or performance of a sales contract with a person specifically named in appendix A to this chapter V or in appendix A to part 560 of this chapter, other than a procurement body of the Government of Libya identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state.

Note to paragraph (e) of § 550.570. Information on ineligible purchasers and eligible procurement bodies will be published in the Federal Register and may be found on the Office of Foreign Assets Control's Internet site: <http://www.treas.gov/ofac>, or on its fax-on-demand system: 202/622-0077.

5. Section 550.571 is added to subpart E to read as follows:

§ 550.571 Payment for and financing of commercial sales of agricultural commodities and products, medicine, and medical equipment.

(a) *General license for payment terms.* The following payment terms for sales of agricultural commodities and products, medicine, and medical

equipment pursuant to §§ 550.569 and 550.570 are authorized:

(1) Payment of cash in advance;

(2) Sales on open account, provided that the account receivable may not be transferred by the person extending the credit; or

(3) Financing by third-country financial institutions that are neither United States persons nor Government of Libya entities. Such financing may be confirmed or advised by U.S. financial institutions.

(b) *Specific licenses for alternate payment terms.* Specific licenses may be issued on a case-by-case basis for payment terms and trade financing not authorized by the general license in paragraph (a) of this section for sales pursuant to §§ 550.569 and 550.570, except that such financing may not be provided by the Government of Libya. See § 501.801(b) of this chapter for specific licensing procedures.

(c) *No debits to blocked accounts.* Nothing in this section authorizes payment terms or trade financing involving a debit to an account of the Government of Libya blocked pursuant to this part.

(d) *Transfers through the U.S. financial system.* Before a United States financial institution initiates a payment on behalf of any customer, or credits a transfer to the account on its books of the ultimate beneficiary, the United States financial institution must determine that the underlying transaction is not prohibited by this part. Any payment relating to a transaction authorized in or pursuant to § 550.569, 550.570, or 550.572 that is routed through the U.S. financial system must reference the relevant Office of Foreign Assets Control license authorizing the payment to avoid the blocking or rejection of the transfer.

6. Section 550.572 is added to subpart E to read as follows:

550.572 Brokering sales of bulk agricultural commodities.

(a) *General license for brokering sales by U.S. persons.* United States persons are authorized to broker the sale and exportation or reexportation by United States persons of the bulk agricultural commodities listed in appendix A to this part 550 to individuals in Libya acting for their own account.

nongovernmental entities in Libya, procurement bodies of the Government of Libya identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state, or persons in third countries purchasing specifically for resale to any of the foregoing, provided that the

brokered sales meet all conditions of § 550.570.

(b) *Specific licensing for brokering sales by non-U.S. persons.* Specific licenses may be issued on a case-by-case basis to permit United States persons to broker the sale and exportation or reexportation of bulk agricultural commodities by non-United States persons to persons in Libya or the Government of Libya. Specific licenses issued pursuant to this section will authorize the brokerage only of sales that:

(1) Are limited to the bulk agricultural commodities listed in appendix A to this part 550;

(2) Are to purchasers permitted pursuant to paragraphs (b)(2) and (e) of § 550.570;

(3) Require that any performance that is subject to license application requirements of another Federal agency be contingent upon the prior authorization of that agency. (For example, items classified EAR99 under the Export Administration Regulations, 15 CFR parts 730 through 774, may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10; see also 22 CFR 123.9.)

(c) *No debit to blocked accounts.* Payment for any brokerage fee earned pursuant to this section may not involve a debit to an account blocked pursuant to this part.

(d) *Recordkeeping and reporting requirements.* Attention is drawn to the recordkeeping, retention, and reporting requirements of §§ 501.601 and 501.602.

7. Section 550.573 is added to subpart E to read as follows:

§ 550.573 Travel transactions in connection with licensed sales of agricultural commodities and products, medicine, and medical products.

Travel transactions to, from, and within Libya for the sole purpose of negotiating contracts authorized by § 550.569 or § 550.570 are authorized. Travel transactions related to installation or servicing of medical equipment sold pursuant to § 550.569 must be authorized by specific license. See § 501.801(b) of this chapter for specific licensing procedures.

Note to § 550.573. U.S. passports must be validated by the U.S. Department of State for travel to Libya.

8. Appendix A to part 550 is added to read as follows:

Appendix A to Part 550—Bulk Agricultural Commodities

Notes:

1. Appendix A sets forth those agricultural commodities eligible for the bulk agricultural commodity sales licensing procedures in § 550.570.

2. Commodities are identified by their classification numbers in the Harmonized Tariff Schedule of the United States (see 19 U.S.C. 1202) ("HTS").

HTS Number	Commodity
1001.10	Durum Wheat
1001.90	Other Wheat and Meslin, including seed, Red Spring Wheat, White Winter Wheat, "Canadian" Western Red Winter Wheat, Soft White Spring Wheat, and Wheat not elsewhere specified
1101.00	Wheat or Meslin Flour
1006.10	Rice in the husk (paddy or rough)
1006.20	Husked (brown) Rice
1006.30	Semi-milled or wholly milled Rice, whether or not polished or glazed
1006.40	Broken Rice
1102.30	Rice Flour
1103.14	Rice Groats, Meal and Pellets
1002.00	Rye
1003.00	Barley
1004.00	Oats
1007.00	Grain Sorghum
1005.00	Corn (Maize)
0713.31	Dried Beans including <i>Vigna mungo</i> (L.) <i>Hepper</i> , and <i>Vigna radiata</i> (L.) <i>Wilczek</i>
0713.32	Small red (adzuki) beans
0713.33	Kidney beans, including white pea beans
0713.39	Beans, other
0713.50	Broad beans and horse beans
0713.10	Dried Peas (<i>Pisum sativum</i>)
0713.20	Chickpeas (garbanzos)
0713.40	Lentils
0713.90	Dried leguminous vegetables, shelled, not elsewhere specified
1201.00	Soybeans, whether or not broken
2304.00	Soybean cake, meal and pellets
1507.10	Soybean oil, crude
1507.90	Soybean oil, other
1514.10	Rapeseed, colza and mustard oil, crude
1514.90	Rapeseed, colza and mustard oil, other
1515.21	Corn (Maize) oil, crude
1515.29	Corn (Maize) oil, other
1512.21	Cottonseed oil, crude
1512.29	Cottonseed oil, other
1517.90	Cottonseed oil, hydrogenated
1508.10	Peanut (ground-nut) oil, crude
1508.90	Peanut (ground-nut) oil, other
1515.50	Sesame oil
1512.11	Sunflower-seed oil, crude
1512.19	Sunflower-seed oil, other
1212.91	Sugar Beets, fresh, chilled, frozen or dried
1212.92	Sugar Cane, fresh, chilled, frozen or dried
1701.11	Cane Sugar, raw, solid form
1701.12	Beet Sugar, raw, solid form

HTS Number	Commodity
1701.91	Cane or Beet Sugar, solid form, containing added coloring or flavoring
1701.99	Cane or Beet Sugar, other, not elsewhere specified

PART 560—IRANIAN TRANSACTIONS REGULATIONS

1. The authority citation for part 560 continues to read as follows:

Authority: 3 U.S.C. 301, 18 U.S.C. 2332d; 22 U.S.C. 2349aa-9, 31 U.S.C. 321(b), 50 U.S.C. 1601-1651, 1701-1706; Pub. L. 101-410, 104 Stat. 890 (28 U.S.C. 2461 note); E.O. 12613, 52 FR 41940, 3 CFR, 1987 Comp., p. 256; E.O. 12957, 60 FR 14615, 3 CFR, 1995 Comp., p. 332; E.O. 12959, 60 FR 24757, 3 CFR, 1995 Comp., p. 356; E.O. 13059, 62 FR 44531, 3 CFR, 1997 Comp., p. 217.

Subpart D—Interpretations

2. Section 560.405 is added to subpart D to read as follows:

§ 560.405 Transactions incidental to a licensed transaction authorized.

Any transaction ordinarily incident to a licensed transaction and necessary to give effect thereto is also authorized, except:

(a) A transaction by an unlicensed Iranian governmental entity or involving a debit or credit to an Iranian account not explicitly authorized within the terms of the license;

(b) Provision of any transportation services to or from Iran not explicitly authorized in or pursuant to this part other than discharging licensed or exempt cargo there;

(c) Distribution or leasing in Iran of any containers or similar goods owned or controlled by United States persons after the performance of transportation services to Iran; and

(d) Financing of licensed sales for exportation or reexportation of agricultural commodities or products, medicine or medical equipment to Iran or the Government of Iran. See § 560.532.

Subpart E—Licenses, Authorizations, and Statements of Licensing Policy

3. Section 560.530 is added to subpart E to read as follows:

§ 560.530 Commercial sales of agricultural commodities and products, medicine, and medical equipment.

(a) *General license for executory contracts.* Entry into executory contracts is authorized for the following transactions with nongovernmental

entities in Iran or procurement bodies of the Government of Iran not affiliated with the coercive organs of the state, provided that performance of the executory contracts (including any preparatory activities, payments or deposits related to such executory contracts) is contingent upon the prior authorization of the Office of Foreign Assets Control in or pursuant to this part.

(1) The sale of agricultural commodities and products, if those commodities and products are intended for ultimate consumption in Iran as:

(i) Food by humans (including live animals, raw, processed and packaged foods) or animals (including animal feeds);

(ii) Seeds for food crops; and
(iii) Reproductive materials (such as live animals, fertilized eggs, embryos and semen) for the production of food animals; and

(2) The sale of medicines (including those administered by injection) and medical equipment for use in Iran, if those medicines and medical equipment are not listed on the Commerce Control List in the Export Administration Regulations, 15 CFR part 774, supplement no. 1 (excluding items classified EAR99), as of the date of exportation or reexportation. (EAR99 items may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10.)

Note to paragraph (a) of § 560.530. See § 560.531, with respect to the availability of specific licenses for entry into and performance of contracts for sales of certain bulk agricultural commodities.

(b) *Required terms of executory contracts.* The authorization contained in paragraph (a) of this section applies only to executory contracts that:

(1) Disclose all parties with an interest in the sales transaction. If the goods are being sold to a purchasing agent in Iran, the executory contract must identify the agent's principals at the wholesale level for whom the purchase is being made;

(2) Provide only for sales at prevailing market prices;

(3) Set forth all terms of sale (e.g., purchase price, quantity, date of shipment, financing), except that dates for contract performance may be made dependent upon the date a specific license pursuant to paragraph (d) of this section is obtained from the Office of Foreign Assets Control;

(4) Make any performance involving the exportation or reexportation of any goods, technology (including technical data, software, or other information) or

services that are subject to license application requirements of another Federal agency contingent upon the prior authorization of that agency. (For example, items classified EAR99 under the Export Administration Regulations, 15 CFR parts 730 through 774, may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10; see also 22 CFR 123.9); and

(5) Provide for payment terms consistent with the provisions of § 560.532.

(c) *Ineligible purchasers.* Nothing in this section permits entry into or performance of a sales contract with a person specifically named in appendix A to this chapter V or in appendix A to this part 560, other than a procurement body of the Government of Iran identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state.

Note to paragraph (c) of § 560.530. Information on ineligible purchasers and eligible procurement bodies will be published in the *Federal Register* and may be found on the Office of Foreign Assets Control's Internet site: <http://www.treas.gov/ofac>, or on its fax-on-demand system: 202/622-0077.

(d) *Specific licenses for performance under executory contracts.* Specific licenses may be issued on a case-by-case basis to permit the performance of executory contracts meeting the requirements of paragraphs (a) and (b) of this section. See § 501.801(b) of this chapter with respect to specific licensing procedures.

(e) *Recordkeeping and reporting requirements.* Attention is drawn to the recordkeeping, retention, and reporting requirements of §§ 501.601 and 501.602.

4. Section 560.531 is added to subpart E to read as follows:

§ 560.531 Commercial sales of certain bulk agricultural commodities.

(a) *Sales of bulk agricultural commodities by licensed sellers.*

Specific licenses may be issued on a case-by-case basis to permit the sale and exportation or reexportation to persons in Iran or the Government of Iran of bulk agricultural commodities intended for ultimate consumption in Iran as food by humans or animals (including animal feeds) and seeds for food crops, for sales meeting all requirements of paragraph (b) of this section.

(b) *Required contract terms for commercial sales of bulk agricultural commodities.* Specific licenses issued pursuant to this section will authorize

entry into and performance only of contracts that:

(1) Provide for the sale and exportation or reexportation only of bulk agricultural commodities listed in appendix B to this part 560;

(2) Fully identify the purchasers of the bulk agricultural commodities, including (for sales through persons in third countries) those to whom the commodities are to be resold, and do not include as a purchaser any person in Iran or any person within the definition of the term Government of Iran other than:

(i) A private individual in Iran acting for his or her own account;

(ii) A nongovernmental entity in Iran; or

(iii) A procurement body of the Government of Iran identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state;

(3) Provide only for sales at prevailing market prices;

(4) Make any performance involving the exportation or reexportation of any goods, technology (including technical data, software, or other information) or services that are subject to license application requirements of another Federal agency contingent upon the prior authorization of that agency. (For example, EAR99 items may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10; see also 22 CFR 123.9); and

(5) Provide for payment terms consistent with the provisions of § 560.532.

(c) *Recordkeeping and reporting requirements.* Attention is drawn to the recordkeeping, retention, and reporting requirements of §§ 501.601 and 501.602.

(d) *Other commodities and products.* Requests may be made to the Office of Foreign Assets Control for specific licenses analogous to those available pursuant to paragraph (a) of this section where the applicant demonstrates to the satisfaction of the Office of Foreign Assets Control that, in light of industry practices, sales of the particular agricultural commodity or product, medicine, or medical equipment are impracticable under the executory contract licensing procedures contained in § 560.530.

(e) *Ineligible purchasers.* Nothing in this section permits entry into or performance of a sales contract with a person specifically named in appendix A to this chapter V or in appendix A to this part 560, other than a procurement body of the Government of Iran identified by the Office of Foreign

Assets Control as not being affiliated with the coercive organs of the state.

Note to paragraph (e) of § 560.531.

Information on ineligible purchasers and eligible procurement bodies will be published in the *Federal Register* and may be found on the Office of Foreign Assets Control's Internet site: <http://www.treas.gov/ofac>, or on its fax-on-demand system 202/622-0077.

5. Section 560.532 is added to subpart E to read as follows:

§ 560.532 Payment for and financing of commercial sales of agricultural commodities and products, medicine, and medical equipment.

(a) *General license for payment terms.* The following payment terms for sales of agricultural commodities and products, medicine, and medical equipment pursuant to §§ 560.530 and 560.531 are authorized:

(1) Payment of cash in advance;

(2) Sales on open account, provided that the account receivable may not be transferred by the person extending the credit; or

(3) Financing by third-country financial institutions that are neither United States persons nor Government of Iran entities. Such financing may be confirmed or advised by U.S. financial institutions.

(b) *Specific licenses for alternate payment terms.* Specific licenses may be issued on a case-by-case basis for payment terms and trade financing not authorized by the general license in paragraph (a) of this section for sales pursuant to §§ 560.530 and 560.531, except that such financing may not be provided by the Government of Iran. See § 501.801(b) of this chapter for specific licensing procedures.

(c) *No use of Iranian accounts.* Nothing in this section authorizes payment terms or trade financing involving a debit or credit to an Iranian account.

(d) *Transfers through the U.S. financial system.* Any payment relating to a transaction authorized in or pursuant to §§ 560.530, 560.531, or 560.533 that is routed through the U.S. financial system must reference the relevant Office of Foreign Assets Control license authorizing the payment to avoid the rejection of the transfer. See § 560.516(b).

6. Section 560.533 is added to subpart E to read as follows:

§ 560.533 Brokering sales of bulk agricultural commodities.

(a) *General license for brokering sales by U.S. persons.* United States persons are authorized to broker the sale by United States persons of the bulk agricultural commodities listed in

appendix B to this part 560 to individuals in Iran acting for their own account, nongovernmental entities in Iran, procurement bodies of the Government of Iran identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state, or persons in third countries purchasing specifically for resale to any of the foregoing, provided that the brokered sales meet all conditions of § 560.531.

(b) *Specific licensing for brokering sales by non-U.S. persons.* Specific licenses may be issued on a case-by-case basis to permit United States persons to broker the sale and exportation or reexportation of bulk agricultural commodities by non-United States persons to persons in Iran or the Government of Iran. Specific licenses issued pursuant to this section will authorize the brokerage only of sales that:

(1) Are limited to the bulk agricultural commodities listed in appendix B to this part 560;

(2) Are to purchasers permitted pursuant to paragraphs (b)(2) and (e) of § 560.531;

(3) Require that any performance that is subject to license application requirements of another Federal agency be contingent upon the prior authorization of that agency. (For example, items classified EAR99 under the Export Administration Regulations, 15 CFR parts 730 through 774, may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10; see also 22 CFR 123.9.)

(c) *No debit to an Iranian account.* Payment for any brokerage fee pursuant to this section may not involve a debit or credit to an Iranian account.

(d) *Recordkeeping and reporting requirements.* Attention is drawn to the recordkeeping, retention, and reporting requirements of §§ 501.601 and 501.602.

Appendix A to Part 560 [Redesignated]

7. The appendix to part 560 is redesignated as Appendix A to Part 560.

8. Appendix B to part 560 is added to read as follows:

Appendix B to Part 560—Bulk Agricultural Commodities

Notes:

1. Appendix B sets forth those agricultural commodities eligible for the bulk agricultural commodity sales licensing procedures in § 560.531.

2. Commodities are identified by their classification numbers in the Harmonized

Tariff Schedule of the United States (see 19 U.S.C. 1202) ("HS").

HTS Number	Commodity
1001.10	Durum Wheat
1001.90	Other Wheat and Meslin, including seed, Red Spring Wheat, White Winter Wheat, "Canadian" Western Red Winter Wheat, Soft White Spring Wheat, and Wheat not elsewhere specified
1101.00	Wheat or Meslin Flour
1008.10	Rice in the husk (paddy or rough)
1006.20	Husked (brown) Rice
1006.30	Semi-milled or wholly milled Rice, whether or not polished or glazed
1006.40	Broken Rice
1102.30	Rice Flour
1103.14	Rice Groats, Meal and Pellets
1002.00	Rye
1003.00	Barley
1004.00	Oats
1007.00	Grain Sorghum
1005.00	Corn (Maize)
0713.31	Dried Beans including <i>Vigna mungo</i> (L.) Hopper, and <i>Vigna radiata</i> (L.) Wilczek
0713.32	Small red (adzuki) beans
0713.33	Kidney beans, including white pea beans
0713.39	Beans, other
0713.50	Broad beans and horse beans
0713.10	Dried Peas (<i>Pisum sativum</i>)
0713.20	Chickpeas (garbanzos)
0713.40	Lentils
0713.90	Dried leguminous vegetables, shelled, not elsewhere specified
1201.00	Soybeans, whether or not broken
2304.00	Soybean cake, meal and pellets
1507.10	Soybean oil, crude
1507.90	Soybean oil, other
1514.10	Rapeseed, colza and mustard oil, crude
1514.90	Rapeseed, colza and mustard oil, other
1515.21	Corn (Maize) oil, crude
1515.29	Corn (Maize) oil, other
1512.21	Cottonseed oil, crude
1512.29	Cottonseed oil, other
1517.90	Cottonseed oil, hydrogenated
1508.10	Peanut (ground-nut) oil, crude
1508.90	Peanut (ground-nut) oil, other
1515.50	Sesame oil
1512.11	Sunflower-seed oil, crude
1512.19	Sunflower-seed oil, other
1212.91	Sugar Beets, fresh, chilled, frozen or dried
1212.92	Sugar Cane, fresh, chilled, frozen or dried
1701.11	Cane Sugar, raw, solid form
1701.12	Beet Sugar, raw, solid form
1701.91	Cane or Beet Sugar, solid form, containing added coloring or flavoring
1701.99	Cane or Beet Sugar, other, not elsewhere specified